

IMMEDIATE RELEASE
July 24, 2002

Contact: Micah Swafford
202-225-2132

Istook Introduces Tax Bill to Help Investors

Washington, DC -- Congressman Ernest Istook (R-OK) today introduced a bill to aid American investors who have suffered in the recent economic downturn. The bill would increase the deductibility of capital losses from \$3,000 to \$20,000 per year.

In the past two years, the stock market has suffered tremendous losses. Today, over 55% of the workforce, more than ever before, are invested in the stock market. That means the downturn has hit a great many middle-class Americans, not just the upper-income. Currently, individuals can only deduct up to \$3,000 per year in capital losses from their taxable income, meaning it takes “forever” to take the tax write-offs that ease the loss. Istook’s bill, H.R. 5212, would increase the limit to \$20,000 and index it for inflation, so it would not have to be revisited. The limit has not been increased in over 25 years.

The ability to write-off capital losses covers other investments, too (for example, real estate), and not just stocks and bonds.

“This bill will provide immediate relief to those Americans hit hardest by the market downturn,” said Istook. **“Instead of waiting 8 or 10 years, families can start recovering now. It also helps keep investors from being discouraged. Long-term, investing in America is good for individuals and good for our country. We don’t want the short-term losses in times like this to discourage people from continuing to invest in whatever they think is most prudent.”**

The latest data from the IRS reports the average short-term loss to be \$34,310 in 2000, a 131% increase from 1996. Under the current law, it would take over ten years to recover the loss. Under Istook’s bill, it would take only two. The IRS also reports a 129% increase in the number of people filing returns reporting short-term losses over the same period.

Istook said he expects action to be taken on this issue this year. **“We’ve been working with the congressional leadership, drawing their attention to this important issue. American families are hurting now. This issue hasn’t been visited in over 25 years. It’s time to do something which will provide direct immediate relief to families and stimulus to the economy.”**